

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 AID-20 IGA-02 XMB-07

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 2054

C O N F I D E N T I A L BRASILIA 1456

E.O. 11652: GDS

TAGS: OVIP, BR

SUBJECT: VISIT OF FRANCISCO NORONHA

REF: BRASILIA 1432

FOR BOWDLER AND KLEINE, ARA/LA

1. I WOULD BE PERSONALLY MOST GRATEFUL IF YOU BOTH WERE TO SEE AND TALK WITH NORONHA, WHO IS A VERY IMPRESSIVE EXAMPLE OF THE DYNAMIC, YOUNG TECHNOCRAT/BUSINESSMAN IN PUBLIC SERVICE.

2. WHEN I WAS IN WASHINGTON I MENTIONED TO HERMAN NORONHA AND HIS INTEREST IN USG ASSISTANCE FOR MINAS PROJECTS AS A GOOD CASE STUDY OF THE IMPORTANCE OF PRESERVING, IN THE POST-AID PERIOD, ESTABLISHED RELATIONSHIPS AND ORIENTATIONS OF IMPORTANCE TO US. IN ORDER TO REFRESH MEMORIES, I WANT TO GO OVER SOME SALIENT ASPECTS OF THE SITUATION.

3. DURING MY OFFICIAL VISIT TO BELO HORIZONTE JUST BEFORE CHRISTMAS, NORONHA AND HIS ASSOCIATES STRESSED TO ME THEIR STRONG DESIRE TO MAINTAIN THE US ORIENTATION OF THEIR DEVELOPMENT PLANNING AND TRAINING. NORONHA SUBSEQUENTLY EXPLAINED TO ME PRIVATELY THAT IN THE PAST THEY HAD HAD
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GREAT DIFFICULTY IN GETTING FEDERAL MINISTRY OF PLANNING

APPROVAL OF THEIR KEY DEVELOPMENT SURVEY CONTRACT WITH ARTHUR D. LITTLE, WITH THE MINPLAN PEOPLE (AMONG THEM, ACCORDING TO NORONHA, STRONG NATIONALISTS) INSISTING THAT THE MINAS DEVELOPMENT OFFICIALS WERE MUCH TOO CLOSE TO THE UNITED STATES AND OFFERING PROMPT APPROVAL OF AN ARRANGEMENT WITH SOME OTHER COUNTRY. IN THIS CONTEXT, HE EXPRESSED THE HOPE THAT AID WOULD BE ABLE TO HELP INDI AND ASSOCIATED MINAS ENTITIES WITH TECHNICAL ASSISTANCE AND PARTICIPANT TRAINING, PARTICULARLY IN THE TOPPING-OFF OF YOUNG TECHNICIANS.

4. I TOLD NORONHA THAT USAID WAS NOT TAKING ON NEW COMMITMENTS AND THEREFORE THERE WERE NO PROSPECTS THERE. I SAID TO HIM THAT I WAS MOST INTERESTED, HOWEVER, IN OTHER POSSIBLE USG OR PRIVATE US CHANNELS FOR THE KINDS OF RELATIONSHIPS THAT AID HAS BEEN SO SUCCESSFUL IN FOSTERING, AND I INVITED HIM TO SEND ME A LETTER--PREFERABLE BEFORE MY TRIP TO WASHINGTON--DESCRIBING HIS NEEDS, THIS TO SERVE AS A CASE STUDY OF POST-AID ARRANGEMENTS THAT WOULD MAINTAIN THE US ORIENTATION OF INSTITUTIONS SUCH AS HIS.

5. NORONHA'S LETTER WAS WAITING FOR ME ON MY RETURN. IN BRIEF, NORONHA ASKS FOR ABOUT US \$4 MILLION (\$1.5 MILLION OF WHICH WOULD BE FOR LOCAL SUPPORT COSTS) FOR US TECHNICIANS AND PARTICIPANTS TO THE US FOR THREE PROGRAMS: (A) ON-THE-JOB TRAINING FOR MINAS GOVERNMENT AGENCIES CONCERNED WITH AGROBUSINESS AND INDUSTRIAL DEVELOPMENT, UTILIZING US ADVISORS AND PARTICIPANT GRANTS; (B) US (ADL) CONSULTANTS TO INDI FOR INDUSTRIAL PROGRAMS; AND (C) US (COLUMBIS UNIVERSITH) PROFESSORS AND PARTICIPANTS GRANTSM.

6. AS BACKGROUND, USAID AGREED DURING AMBASSADOR ROUNTREE'S TENURE TO FINANCE PARTIALLY TWO TECHNICIANS (AGRO-BUSINESS AND INDUSTRIAL PARKS) FOR UP TO TWO YEARS. INDI HAS CONTRACTED FOR THE FORMER BUT HAS NOT YET IDENTIFIED A MAN FOR THE LATTER POSITIONS. WE EXPECT TO BE ABLE TO ADHERE TO THIS COMMITMENT IF INDI CONTRACTS FOR THE SECOND MAN PRIOR TO THE END OF FY 74.
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7. WITH RESPECT TO POTENTIAL SOURCES FOR THE ASSISTANCE NORONHA IS SEEKING IN HIS LETTER, USAID HAS SUGGESTED TO ME (IN MATERIAL FOR PREPARING A REPLY TO NORONHA) AS A PRIME POSSIBILITY THE SAO PAULO SCIENCE AND TECHNOLOGY LOAN. WE UNDERSTAND THAT MINAS GERAIS AND SAO PAULO HAVE SIGNED AN AGREEMENT FOR COOPERATION IN S AND T WHICH FORESEES THE USE OF SP FINANCIAL AND HUMAN RESOURCES TO

ASSIST FIRMS IN MINAS. THE AID LOAN ALSO MAY BE USED TO FINANCE US TRAINING FOR TECHNICIANS FROM MINAS RESEARCH INSTITUTIONS. WHILE AID MAY BE ABLE TO FINANCE A LIMITED NUMBER OF PARTICIPANTS OR SHORT-TERM CONSULTANTS OVER THE NEXT FIFTEEN MONTHS FROM FY 74-75 GRANT FUNDS, THE S&T LOAN IS THE BEST SOURCE OF AID FUNDS FOR LONGER-TERM ASSISTANCE. AGAIN AS BACKGROUND, YOU SHOULD KNOW THAT THE MINAS AUTHORITIES ARE ENGAGED IN A RATHER INTENSE COMPETITION WITH SAO PAULO FOR NEW INDUSTRIAL INVESTMENT, AND THIS, PLUS TRADITIONAL MINAS-SP RIVALRIES, HAS SOME PSYCHOLOGICAL, AT LEAST, RELEVANCE TO THIS SOURCING.

8. USAID ALSO NOTES THE FOLLOWING ADDITIONAL POSSIBILITIES:

(A) IESC, FOR SHORT-TERM ASSISTANCE;

(B) EXIMBANK, WHICH CAN PROVIDE SHORT-TERM (3 YEARS) FINANCING FOR US FIRMS INVOLVED IN THE PREPARATION OF ENGINEERING, PLANNING OR FEASIBILITY STUDIES. THIS COULD BE ATTRACTIVE WHERE US INVESTMENT POTENTIAL EXISTS, FOR EXAMPLE, IN THE FOOD INDUSTRY; AND

(C) THE COUNCIL OF THE AMERICAS, WHICH HAS IN THE PAST FEW YEARS SHOWN SOME INTEREST IN "JOINT" ASSISTANCE VENTURES. THE COUNCIL MIGHT REPRESENT A SOURCE WHICH SHOULD CHANNEL US INDUSTRIAL AND BUSINESS ASSISTANCE TO A PROGRAM SUCH AS INDI'S. (THIS LAST I NEW TO ME, AND I CAN'T CHECK IT OUT FURTHER WITH MARV WISSMAN IN TIME TO GET THIS TELEGRAM OUT BECAUSE LIGHTNING HAS JUST KNOCKED OUT OUR PHONES*)

9. I'M SURE YOUR FERTILE MINDS AND THOSE OF YOUR COHORTS (OR LEGIONS) CAN COME UP WITH OTHER NON-USAID POSSIBILITIES. IT'S AN INTERESTING CHALLENGE. I KNOW YOU WILL LIKE NORONHA, TO WHOM I ASK YOU TO GIVE MY WARM REGARDS.

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